

# THE HENDRICKSON COMPANY

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To: Housing Finance Authority of Leon County Board of Directors  
From: Mark Hendrickson, Administrator  
Subject: January 9, 2020 Board Meeting  
Date: January 2, 2020

## **I. Financial Reports and Budget—Action**

1. The December 2019 Financial Statement is attached. Net assets as of December 31, 2019 are \$1,237,706.16, with \$797,686.48 in cash (\$168,465.10 restricted).
2. All Emergency Repair and CDBG expenditures are booked against the restricted assets from the property sales (they meet the test as direct housing expenditures).
  - ✓ Total revenues from property sales: \$293,925.64
  - ✓ Emergency Repair expenditures since August 2016: \$117,080
  - ✓ CDBG rehab: \$12,163
  - ✓ Remaining Restricted Funds: \$164,682.64
3. An Expenditure Approval list and bank/SBA statements are attached.
4. **Recommendations: None**
  - Accept Financial Statements
  - Approve expenditures detailed on Expenditure Approval list.

## **II. Tallahassee Lenders' Consortium (TLC) and Community Land Trust—Informational**

1. TLC made a request for funding from the HFA:
  - Start-up administrative funding in a total amount of \$100,000 (\$25,000 for fiscal year 2019-2020; \$50,000 for fiscal year 2020-2021 and \$25,000 for fiscal year 2021-2022) with a zero percent loan, 20-year term, with payments to begin in 10 years, resulting in annual payments of \$10,000.
  - A one percent construction line of credit of \$200,000
2. The Board approved \$25,000 on a contingent basis, and deferred action on the concept of a construction line of credit:  
*that the HFA commit \$25,000 of administrative funding for TLC in the form of a 0% loan, with payments deferred for 10 years and full amortization during years 11-20, that the release of the funding was contingent upon submission of a plan from TLC for remaining necessary funding from other sources, commitment of City of Tallahassee funding, and upon agreement by the TLC for HFA recognition on signage and other materials.*

3. After the City of Tallahassee approves funding (scheduled for later this month), the HFA will analyze the other outstanding contingencies before moving forward with any funding. The funding would also require a budget amendment and a formal agreement with TLC to be drafted by HFA counsel.
4. **Recommendation:** None.

### **III. Magnolia Family Bond Application—Informational**

1. The HFA published a NOFA for bond applications for developments that would also seek SAIL funding from FHFC. The NOFA is “open”, meaning applications are on a “first-come first-evaluated” basis.
2. An application with correct fees was received for Magnolia Family, and the HFA induced the development at the December 2019 meeting. When the list of SAIL applicants is released by FHFC, an analysis of the probability of the deal moving forward will be made.
3. **Recommendation:** None.

| Name                         | <b>Magnolia Family</b>   |
|------------------------------|--|
| Owner Entity*                | Country Club Magnolia Family, LP   |
| Developer/Location           | New Affordable Housing Partners, LLC<br>Atlanta, Georgia<br>Tallahassee Housing Economic Corporation<br>Tallahassee, Florida |
| Type                         | New Construction   |
| Street Address               | Canton Circle, 150' SW of the intersection of Canton Circle & Country Club Drive   |
| County Commission District   | District 1, Bill Proctor   |
| Units                        | 130  |
| Bedrooms                     | 252  |
| # of Buildings               | 5 residential building   |
| # of Stories                 | 3  |
| Bond Request                 | \$15,000,000<br>\$115,385/unit   |
| TEFRA Approval               | TBD  |
| Total Cost                   | \$24,623,515   |
| Cost Per Unit                | \$189,412  |
| Land Cost                    | \$0—Ground Lease from Tallahassee Housing Authority<br>\$0//unit   |
| Acquisition of Building Cost | NA   |
| Hard Construction Cost       | \$16,314,670<br>\$125,497/unit   |
| General Contractor           | TBD  |
| Credit Enhancement           | TBD  |
| Set-Aside Period             | 50 years   |
| Set-Aside Levels             | 10.0% ( 13 units) <33% AMI for 15 years, then 60% AMI<br>90.0% (117 units) <60% AMI  |

### **IV. Multi-Family Bond Application: Magnolia Terrace—Action**

**NOTE: At the time of the Administrator Memo, there were issues still to be resolved before a credit underwriting report (CUR) can be finalized. This section is written with the assumption that the CUR will be completed prior to the meeting. If not completed,**

**this item will be pulled from the agenda**

1. An application for bond financing for the acquisition and rehabilitation of Magnolia Terrace was received and approved to move through the HFA process. A final credit underwriting is now available.
2. **Magnolia Terrace** is scheduled to close in early 2020. The developer has requested issuance of bonds in an amount not to exceed \$13,000,000. The credit underwriting is complete, and the deal is ready for Board action. Bond counsel has prepared and distributed a resolution that gives final approvals necessary to sell and close bonds, including [summary only, please read resolution for full description]:
  - Approval of substantially final forms of bond and loan documents including the Preliminary Official Statement, Trust Indenture, Financing Agreement, Multifamily Loan and Security Agreement, Land Use Restriction Agreement, Subordination Agreement, Compliance Monitoring Agreement, Financial Monitoring Agreement, Construction Loan and Mortgage Servicing Agreement, Bond Purchase Agreement, Assignment of Management Agreement, Assignment of Collateral Agreements and Other Documents, Assignment of Security Instrument, Omnibus Assignment of Contracts, Plans, Permits, and Approvals, Agreement and Assignment Regarding General Contractor’s Contract, Assignment of Housing Assistance Payments Contract, and Termination Agreement;
  - Approval of the final Credit Underwriting Report;
  - Authorization of the issuance of the Bonds (subject to the parameters in the Resolution) and sale to the Underwriter;
  - Official appointment of RBC Capital Markets LLC as Underwriter in connection with the sale of the Bonds;
  - Official appointment of Seltzer Management Group, Inc., as compliance monitor, financial monitor and construction/loan servicer;
  - Official appointment of The Bank of New York Mellon Trust Company as Trustee;
  - Authorization of appropriate Board members and members of the Issuer to execute documents and take all other actions necessary not inconsistent with the terms of the Resolution and subject to final approval by Bond Counsel and Issuer’s Counsel; and
  - Approval of the sale and transfer of the development to the Borrower.
3. **Recommendation:** Adopt Resolution prepared by Bond Counsel giving final approvals for bond sale

| Name                       | <b>Magnolia Terrace</b>                                    |
|----------------------------|--|
| Owner Entity*              | LIH Magnolia Terrace, LP                                   |
| Developer/Location         | Levy Affiliated Holdings<br>Santa Monica, CA 90401         |
| Type                       | Acquisition and Rehabilitation<br>Garden                   |
| Street Address             | 509 East Magnolia Dr,<br>Tallahassee, FL 32301             |
| County Commission District | District 1, Bill Proctor                                   |
| Units                      | 108  |
| Bedrooms                   | 232  |
| # of Buildings             | 17, 15 residential, 1 community room, and 1 office/laundry |
| # of Stories               | 2  |
| Bond Request               | \$13,000,000<br>\$120,370/unit                             |
| TEFRA Approval             | 5-28-19  |

|                              |   |
|------------------------------|---|
| Total Cost                   | \$20,178,702  |
| Cost Per Unit                | \$186,840   |
| Land Cost                    | \$720,000<br>\$6,666/unit                               |
| Acquisition of Building Cost | \$8,280,000<br>\$76,667/unit                            |
| Hard Construction Cost       | \$5,352,925<br>\$49,564/unit                            |
| General Contractor           | Wilshire Pacific Builders, LLC                          |
| Credit Enhancement           | TBD   |
| Set-Aside Period             | 30 years: HFA requires 50 years                         |
| Set-Aside Levels             | 40% of the 108 units <60% AMI—Tax Credits 100% <60% AMI |

**V. Emergency Repair Program—Informational**

1. The HFA authorized an emergency repair program, for minor repairs that need immediate attention—and are not covered by the County’s SHIP Program. A total of \$50,000 has been committed for FY 19-20. Individual repairs are limited to \$1,650 per home (\$7,500 for senior or persons with special needs that reside in mobile homes).
2. Of the FY 19-20 allocation, \$8,665 has been reserved.
3. **Recommendation:** None.

**VI. Real Estate—Informational**

1. The Real Estate Division is responsible for selling surplus properties designated for affordable housing, with proceeds of the sale coming to the HFA.
2. Sales of seven properties by the Real Estate Division generated total revenues to the HFA of \$107,102. As of December 31, 2019, sales of 28 properties by Ketcham Realty have generated \$186,823.64 to the HFA. The new total is now \$293,925.64.

| PROPERTIES SOLD BY COUNTY |                      |                    |                      |           |
|---------------------------|----------------------|--------------------|----------------------|-----------|
| Property                  | Sales Price          | County Costs       | HFA                  | Deposit   |
| Calloway Street           | \$ 5,900.00          | \$ 700.00          | \$ 5,200.00          | 3/29/2017 |
| 278 Oakview Drive         | \$ 27,300.00         | \$ 775.00          | \$ 26,525.00         | 1/5/2017  |
| 114 Osceola Street        | \$ 34,100.00         | \$ 1,523.00        | \$ 32,577.00         | 8/29/2016 |
| 723 Frankie Lane Drive    | \$ 12,000.00         | \$ 700.00          | \$ 11,300.00         | 12/1/2016 |
| 2109 Holton Street        | \$ 6,500.00          | \$ 1,700.00        | \$ 4,800.00          | 2/15/2017 |
| 6009 Sam's Lane           | \$ 3,000.00          | \$ 600.00          | \$ 2,400.00          | 5/15/2018 |
| 7234 Dykes Road           | \$ 25,000.00         | \$ 700.00          | \$ 24,300.00         | 1/11/2019 |
| <b>TOTAL</b>              | <b>\$ 113,800.00</b> | <b>\$ 6,698.00</b> | <b>\$ 107,102.00</b> |           |

| PROPERTIES SOLD BY BROKER |             |             |             |           |
|---------------------------|-------------|-------------|-------------|-----------|
| Property                  | Sales Price | Ketcham Fee | HFA         | Deposit   |
| 1506 Crown Ridge Road     | \$ 8,100.00 | \$ 1,500.00 | \$ 6,600.00 | 5/10/2019 |
| 2997 Lilly Road           | \$ 8,100.00 | \$ 1,500.00 | \$ 6,600.00 | 5/10/2019 |

|                          |                      |                     |                      |            |
|--------------------------|----------------------|---------------------|----------------------|------------|
| 4060 Morgan Road         | \$ 7,000.00          | \$ 1,500.00         | \$ 5,500.00          | 5/10/2019  |
| 4037 Bishop Road         | \$ 8,000.00          | \$ 1,500.00         | \$ 6,500.00          | 5/10/2019  |
| 4033 Bishop Road         | \$ 8,000.00          | \$ 1,500.00         | \$ 6,500.00          | 5/10/2019  |
| 4043 Buster Road         | \$ 8,000.00          | \$ 1,500.00         | \$ 6,500.00          | 5/10/2019  |
| 2575 Tiny Leaf Road      | \$ 4,000.00          | \$ 1,000.00         | \$ 3,000.00          | 5/17/2019  |
| 1209 Southern Street     | \$ 3,000.00          | \$ -                | \$ 3,000.00          | 5/17/2019  |
| 4065 Morgan Road         | \$ 7,000.00          | \$ 122.50           | \$ 6,877.50          | 6/5/2019   |
| Monday Road              | \$ 15,000.00         | \$ 178.50           | \$ 14,821.50         | 6/5/2019   |
| 12513 Forest Acres Trail | \$ 9,500.00          | \$ -                | \$ 9,500.00          | 6/5/2019   |
| 2993 Lilly Road          | \$ 8,100.00          | \$ 1,500.00         | \$ 6,600.00          | 6/13/2019  |
| 714 Stafford Street      | \$ 15,000.00         | \$ 55.00            | \$ 14,945.00         | 6/28/2019  |
| 2123 Flipper Street      | \$ 4,000.00          | \$ 1,500.00         | \$ 2,500.00          | 7/26/2019  |
| Lilly Road               | \$ 7,000.00          | \$ 122.50           | \$ 6,877.50          | 7/26/2019  |
| Craft Street             | \$ 6,000.00          | \$ 115.50           | \$ 5,884.50          | 7/26/2019  |
| 3529 Sunburst Loop       | \$ 4,000.00          | \$ 102.00           | \$ 3,898.00          | 7/26/2019  |
| Moore Woods Rd           | \$ 7,000.00          | \$ 122.00           | \$ 6,878.00          | 7/26/2019  |
| 7322 Poplar Drive        | \$ 9,000.00          | \$ 1,816.56         | \$ 7,183.44          | 8/13/2019  |
| 1017 Dover Street        | \$ 6,750.00          | \$ 905.00           | \$ 5,845.00          | 8/28/2019  |
| Abraham Street           | \$ 6,750.00          | \$ 905.00           | \$ 5,845.00          | 8/28/2019  |
| 1118 Clay Street         | \$ 6,750.00          | \$ 905.00           | \$ 5,845.00          | 8/28/2019  |
| Calloway Street          | \$ 6,750.00          | \$ 905.00           | \$ 5,845.00          | 8/28/2019  |
| Delaware Street          | \$ 6,000.00          | \$ 1,500.00         | \$ 4,500.00          | 8/28/2019  |
| 2277 Saxon Street        | \$ 2,500.00          | \$ 1,000.00         | \$ 1,500.00          | 10/10/2019 |
| 10715 Tebo Trail         | \$ 20,000.00         | \$ 1,154.30         | \$ 18,845.70         | 11/21/2019 |
| 4046 Morgan Road         | \$ 7,000.00          | \$ 567.50           | \$ 6,432.50          | 11/25/2019 |
| 5017 Dust Bowl Lane      |                      |                     | \$ 2,000.00          |            |
| <b>TOTAL</b>             | <b>\$ 208,300.00</b> | <b>\$ 23,476.36</b> | <b>\$ 186,823.64</b> |            |

3. **Recommendation:** None.

**VII. Legal Update—Action**

1. HFA Counsel will report on their activities. They have proposed a contract amendment that clarifies that they are the HFA counsel in bond transactions (and issue the required opinion), and would permit them to act as disclosure counsel on publicly offered deals.
2. Both items essentially clarify the role of counsel, and would not result in any costs to the HFA.
3. **Recommendation:** Approve proposed contract amendment.

### VIII. To-Do List—Informational

| To-Do Item  | HFA | Admin | CAO | SL | NBN | Status   | Completed |
|---|-----|-------|-----|----|-----|--|-----------|
| <b>August 2019</b>  |     |       |     |    |     |  |           |
| The Board directed the Administrator to research who is buying the properties that have been sold.            |     | X     |     |    |     | Ms. Leigh working on item for presentation at this meeting |           |
| <b>November 2019</b>  |     |       |     |    |     |  |           |
| Board invited Tallahassee Lenders' Consortium to December meeting to make presentation on CLT funding request |     | X     |     |    |     | December agenda  | X         |
| Board requested more graphics and information on economic impact of Magnolia Terrace in Annual Report         |     | X     |     |    |     | In annual report   | X         |

### IX. State Legislative Update—Informational

1. The 2020 legislative session begins in January.
2. Based upon the August 2019 Revenue Estimate, \$350.77 million will be available from the Housing Trust Funds for FY 20-21 appropriations. SHIP is \$245.8 million and FHFC Programs (SAIL) \$104.97 million.
3. Governor DeSantis recommended full funding in his proposed budget released November 18, stating, *“Despite our strong economy and low unemployment, finding affordable housing can be challenging. My budget provides \$387 million to fully fund Workplace and Affordable Housing Programs, with \$267.2 million for the SHIP and \$119.8 for the SAIL program.”*
4. The difference between the two “full funding” numbers is that the Governor included anticipated trust fund balances from unanticipated revenues this fiscal year added to projected revenues for FY 20-21, while the Sadowski Coalition only uses the projected revenues.
5. The full-funding SHIP distribution by County/City has been generated and is attached. With full funding, \$3,493,730 would come to Tallahassee-Leon County, with the County receiving \$1,194,506 and the City of Tallahassee \$2,299,224.
6. The legislator one-pagers are available under the Advocacy tab at [www.sadowskicoalition.com](http://www.sadowskicoalition.com)
7. Senator Mayfield (R- Melbourne) introduced SB 306, which would prohibit transferring monies in the Housing Trust Funds to General Revenue or the Budget Stabilization Fund. A companion bill (HB 381) was filed by Representatives Silver (D-Palm Beach) and Killebrew (R-Polk County). This is significant because we have a Republican prime sponsor in the House for the first time.
8. **Recommendations:** None.

**Appropriation of Housing Trust Fund Monies: \$350.77 Million**  
 Revenue Estimate from November 2019 REC Conference

|   | GOVERNOR             | SENATE | HOUSE | FINAL BUDGET<br>FY 20-21 | FINAL BUDGET<br>FY 19-20 |
|---|----------------------|--------|-------|--------------------------|--------------------------|
| <b>FHFC: SAIL<br/>Line 2281</b>   | \$119,800,000        |        |       |                          | \$ 39,040,000            |
| <b>SHIP<br/>Line 2282</b>   | \$267,200,000        |        |       |                          | \$ 46,560,000            |
| <b>Hurricane Housing<br/>Recovery Program<br/>(SHIP-like program for<br/>Hurricane Michael<br/>disaster counties only)<br/>Line</b> | \$0                  |        |       |                          | \$ 65,000,000            |
| <b>Rental Recovery Loan<br/>Program (SAIL-like<br/>program (for Hurricane<br/>Michael disaster<br/>counties only)<br/>Line</b>      | \$0                  |        |       |                          | \$ 50,000,000            |
| <b>TOTAL HOUSING</b>  | <b>\$387,000,000</b> |        |       |                          | <b>\$200,600,000</b>     |
| <b>SHTF SWEEP</b>   | \$0                  |        |       |                          | \$ 10,000,000            |
| <b>LGHTF SWEEP</b>  | \$0                  |        |       |                          | \$115,000,000            |
| <b>TOTAL SWEEP</b>  | <b>\$0</b>           |        |       |                          | <b>\$125,000,000</b>     |
| <b>Unallocated SHTF</b>   | <b>\$0</b>           |        |       |                          | <b>\$ 300,000</b>        |
| <b>Unallocated LGHTF</b>  | <b>\$0</b>           |        |       |                          | <b>\$7,060,000</b>       |

**Proviso/Back of the Bill for FHFC:**

- 20% of each SAIL development for person with special needs or the elderly
- \$20 million of SAIL for workforce housing in the Keys
- SHIP funds shall prioritize funding to assist with hurricane housing recovery before routine and customary use of funds
- \$500,000 from SHIP for Catalyst Training

| <b>Additional Homeless Funding</b>  |             |           |   |        |
|---|-------------|-----------|---|--------|
| Item  | Amount      | Line Item | Source                                    | Agency |
| Challenge Grants  | \$3,181,500 | 350       | GR  | DCF    |
| Federal Emergency Shelter Grant Program                                     | \$6,950,886 | 351       | Federal Grants TF & Welfare Transition TF | DCF    |
| Homeless Housing Assistance Grants (staffing for 27 homeless lead agencies) | \$3,000,000 | 352       | GR  | DCF    |

**X. Request from Bill Wilson for Revolving Construction Loan Fund—Informational**

1. The HFA received a request from Bill Wilson to create a revolving construction loan fund for non-profits building for-sale housing.
2. The Administrator is researching the concept, including HFA financial capacity, administrative structure, risk, and other factors.
3. **Recommendation:** Defer action on any construction loan request until Board makes general policy decision related to this type of activity.